

Agency Legislative Budget

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding. Also included in the table is House Bill 447 pay plan allocation.

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	355.03	7.75	4.00	366.78	7.75	4.00	366.78	366.78
Personal Services	15,630,089	2,207,085	734,984	18,572,158	2,199,821	1,575,787	19,405,697	37,977,855
Operating Expenses	24,154,345	13,716,834	5,635,123	43,506,302	1,489,860	4,106,427	29,750,632	73,256,934
Equipment	102,112	2,563	0	104,675	2,563	0	104,675	209,350
Grants	1,457,581	316,599	0	1,774,180	431,998	0	1,889,579	3,663,759
Benefits & Claims	0	1,025,000	0	1,025,000	1,025,000	0	1,025,000	2,050,000
Transfers	0	0	0	0	0	0	0	0
Total Costs	\$41,344,127	\$17,268,081	\$6,370,107	\$64,982,315	\$5,149,242	\$5,682,214	\$52,175,583	\$117,157,898
General Fund	3,053,744	870,211	377,484	4,301,439	879,281	457,381	4,390,406	8,691,845
State/Other Special	17,829,392	8,140,009	3,872,100	29,841,501	111,984	2,739,093	20,680,469	50,521,970
Federal Special	20,460,991	8,257,861	2,120,523	30,839,375	4,157,977	2,485,740	27,104,708	57,944,083
Total Funds	\$41,344,127	\$17,268,081	\$6,370,107	\$64,982,315	\$5,149,242	\$5,682,214	\$52,175,583	\$117,157,898

Agency Description

The Department of Environmental Quality is responsible for regulating air quality, water quality, underground storage tanks, automobile wrecking facilities, hazardous waste facilities, solid waste management systems, and mining operations; and for siting and needs analyses of large-scale energy facilities. In addition, the department is the lead agency for reclamation and clean-up activities related to the federal and state superfund programs, leaking underground storage tanks, and regulation and permitting of mining conducted on private, state, and federal lands.

Agency Highlights

Department of Environmental Quality Major Budget Highlights	
♦	11.75 additional FTE and associate operating expenses were added at the cost of \$0.8 million over the biennium
♦	Orphan share funding was expanded to include a remediation study of a site in NW Montana where the state is a potentially liable party
♦	RIT related accounts are structurally balanced
♦	\$21.6 million in forfeited bonds were removed to assist with meeting the state expenditure limitation
♦	Implementation of HB 447, the pay plan, increased costs to the department by \$2.2 million over the biennium
♦	The department indirect rate was increased to 24 percent, from 23 percent

Agency Discussion

Recruitment and Retention of Employees

The department has a long-standing issue of recruitment and retention of employees. The legislature did recognize this issue and subsequently approved \$4.1 million in present law adjustments to account for vacancies occurring in the base year. In addition, the Joint Appropriations Subcommittee for Natural Resources and Commerce requested and reviewed information regarding the number of positions, recruitment issues associated with environmental scientists, the length of time positions were vacant, and internal plans to address employee moral.

The executive budget requested an additional 22.50 FTE to alleviate workload issues. The legislature approved 14.75 FTE, but also eliminated 3.00 FTE. The result is an increase in FTE by 11.75. Figure 1 describes the approved and eliminated FTE. The most significant increase was to the Planning, Prevention and Assistance Division, where 9.00 FTE were added to assist with assuring that the total maximum daily load (TMDL) process meets the court imposed deadline. The permitting and compliance division had requested 10.75 FTE of which 5.00 were not approved due to the non-passage of HB 361 (increase in open cut mining fees) and a reduction to the request in the wastewater unit. The net increase in FTE results in a \$0.8 biennial increase in personal services costs.

Figure 1 Department of Environmental Quality FTE Changes for 2007 Biennium					
Division	FY 2006		FY2007		Description
	#FTE	Cost	# FTE	Cost	
Planning, Prevention & Assistance	5.00	\$ 241,373	5.00	\$ 240,713	TMDL Completion Permanent FTE
	4.00	120,680	4.00	120,357	TMDL Completion Temporary FTE
	-1.00	(41,862)	-1.00	(41,862)	Statewide FTE Reduction
Remediation	-2.00	(107,069)	-2.00	(107,069)	Move FTE to Proprietary Funding
Permitting & Compliance	3.00	127,094	3.00	126,743	Wastewater Permitting
	2.75	88,236	2.75	88,007	Public Water Supply/Subdivisions
Total FTE and Costs	<u>11.75</u>	<u>\$ 428,452</u>	<u>11.75</u>	<u>\$ 426,889</u>	

Total Maximum Daily Loads (TMDL)

As a result of a district court order, the department has until 2007 to complete all 1996 TMDL reassessments and full TMDL development on eight watersheds. The remaining watersheds need to be completed by 2012. Figure 2 describes the \$5.1 million appropriated by the legislature. General fund accounts for \$1.7 million, while the remaining \$3.4 million is federal special revenue.

Federal Funding

The legislature approved present law adjustments to account for increasing delays in federal funding. This provides the appropriate level of authority for the upcoming biennium should federal funding arrive on time, as predicted.

Figure 2 Department of Environmental Quality 2007 Biennium TMDL Funding			
Purpose	General Fund	Federal Funds	Total Appropriation
Contract Services	\$81,540	\$570,460	\$652,000
Database Improvements	321,000	0	321,000
Permanent FTE & Operations	894,905	2,865,758	3,760,663
Temporary FTE & Operations	365,286	0	365,286
Total	<u>\$1,662,731</u>	<u>\$3,436,218</u>	<u>\$5,098,949</u>

Summary of Legislative Action

The legislature established a biennial budget of \$117.1 million for the biennium. This included the approval of \$22.4 million of present law adjustments and \$11.4 million in new proposals. The major new proposals include:

- \$2.0 million for Brownsfield grants to remediate contaminated lands for reuse
- Funding of \$1.2 million to investigate Troy as part of the Libby asbestos contamination site
- Wetlands grant authority of \$0.6 million
- Transfer of \$0.3 million from state special revenue to private non-budgeted settlement funds from a criminal court action
- A remedial investigation and feasibility study through the passage of SB 489 – the bill allocated \$1.25 million for a site in Northwest Montana where the state is a potentially liable party

Other major budgetary issues included:

- \$21.6 million of state special revenue derived from forfeited hard rock bonds were removed from the budget to assist with meeting the overall expenditure limit
- Opencut fee increases were approved
- \$5.1 million was appropriated to meet the court imposed deadline for total maximum daily loads
- Subrogation of claims in the petroleum tank compensation program was approved
- Authority to perform environmental impact statements under the Montana Environmental Policy act was reduced by \$1.0 million based on historical activities
- New uses of the orphan share fund were approved, including:
 - Remedial investigation and feasibility study at a site where the state is a potentially liable party
 - Annual transfer of \$1.2 million to the Zortman-Landusky water treatment trust
- 14.75 new FTE were added for a variety of programs, including:
 - 9.00 FTE for the TMDL program
 - 5.75 FTE for Permitting and Compliance Activities

Other Legislation

House Bill 60 - This legislation establishes standards for the cleanup of indoor property contaminated by a clandestine methamphetamine lab and the requirements for certifying persons to conduct the remediation of such properties. The legislature appropriated \$257,159 of general fund over the biennium for this program. Registration fees for the certified individuals will raise \$15,000 over the biennium.

House Bill 77 – This legislation increase septic pumper license annual fee from \$125 to \$300, establishes a \$50 set aside from the fees for training, and changes county allocation of license revenues from 40 percent of collected fees to \$50 per license. Projected estimated revenue is \$54,250 over the biennium.

House Bill 370 – The legislation eliminates the application filing fee for new mining, prospecting, or major revisions applications. Due to low volume of this type of application, a nominal decrease in revenue may occur.

House Bill 379 – This legislation establishes a new trust fund to be used to cover the long-term costs of water treatment in the area of the Zortman – Landusky mines. The new trust is financed from an annual transfer of \$1.2 million from the orphan share fund. The trust will receive the transfer until 2018 or until the balance reaches \$19.3 million.

House Bill 428 – This legislation provides for an increase in the penalties associated with violations of the Montana Strip and Underground Mining Act (MSURA). The department anticipates seven new enforcement cases over the biennium for increase fines of \$35,000.

House Bill 453 – This legislation creates administrative level penalties under solid waster disposal, underground storage tanks, junk vehicle, and subdivision programs. Due to the disposition of penalties, revenue increase to the general fund is estimated at \$1,800 and state special revenue at \$3,000 over the biennium.

House Bill 790 – This legislation requires the Environmental Quality Council to: 1) conduct a study on split estates of property between mineral owners and surface owners related to oil and gas development and coal bed methane reclamation and bonding; and 2) establish and organize a subcommittee to perform the study. HB 790 allocates up to \$50,000 state special revenue from oil and natural gas production tax receipts over the biennium to the Legislative Services Division for \$15,000 in personal services and \$35,000 in operating expenses each year to conduct the study.

House Joint Resolution 34 – This resolution requests an inventory of all federal or state superfund sites, status of remediation of these sites, and local challenges to infrastructure due to the presence of the site. Also seeks to find a solution to improve communication between the multiple local, state, and federal government agencies involved in the remediation process.

House Joint Resolution 36 – This resolution requests a committee to review the funding sources, allocation, and utilization of resource indemnity trust funding. It also encourages the committee to suggest a simplified funding mechanism that meets the intent of statutes and provides sufficient resources for the affected agencies to accomplish their work.

Senate Bill 143 – This legislation provides for contingent transfers from the orphan share fund to the hazardous waste/CERCLA fund and the environmental quality protection fund. Fund transfers must be repaid when sufficient revenues exist.

Senate Bill 320 – This legislation establishes an application fee, renewal fee, and annual fee for medium and large sized concentrated animal feeding operations (CAFO). This legislation eliminates the need for a programmatic environmental impact statement on CAFO and allows for the use of a general discharge permit. The legislation is retroactive to January 1, 2005.

Senate Bill 489 – This legislation provides for the orphan share fund to be utilized to establish a remediation plan for multi-party contamination sites in NW Montana. The state is one potentially liable party for the cleanup of this area. \$1.25 million was appropriated by the legislature for this purpose.

Funding

The following figure summarizes funding for the agency, by program and source, as adopted by the legislature. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2007 Biennium Legislative Budget					
Agency Program	General Fund	State Spec.	Fed Spec.	Grand Total	Total %
10 Central Management Program	\$ 658,963	\$ 2,988,524	\$ 316,030	\$ 3,963,517	3.36%
20 Plan.Prevent. & Assist.Div.	5,235,898	1,966,904	21,150,677	28,353,479	24.07%
30 Enforcement Division	829,409	521,474	741,465	2,092,348	1.78%
40 Remediation Division	-	13,349,390	21,054,720	34,404,110	29.21%
50 Permitting & Compliance Div.	1,967,575	31,109,521	14,681,191	47,758,287	40.55%
90 Petro Tank Release Comp. Board	-	1,216,973	-	1,216,973	1.03%
Grand Total	<u>\$ 8,691,845</u>	<u>\$ 51,152,786</u>	<u>\$ 57,944,083</u>	<u>\$ 117,788,714</u>	<u>100.00%</u>

Executive Budget Comparison

The following table compares the legislative budget for the 2007 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2004	Executive Budget Fiscal 2006	Legislative Budget Fiscal 2006	Leg – Exec. Difference Fiscal 2006	Executive Budget Fiscal 2007	Legislative Budget Fiscal 2007	Leg – Exec. Difference Fiscal 2007	Biennium Difference Fiscal 06-07
FTE	355.03	374.53	366.78	(7.75)	374.53	366.78	(7.75)	
Personal Services	15,630,089	18,311,621	18,572,158	260,537	18,287,926	19,405,697	1,117,771	1,378,308
Operating Expenses	24,154,345	69,121,152	43,506,302	(25,614,850)	28,143,023	29,750,632	1,607,609	(24,007,241)
Equipment	102,112	104,675	104,675	0	104,675	104,675	0	0
Grants	1,457,581	1,774,180	1,774,180	0	1,889,579	1,889,579	0	0
Benefits & Claims	0	4,100,000	1,025,000	(3,075,000)	0	1,025,000	1,025,000	(2,050,000)
Transfers	0	0	0	0	0	0	0	0
Total Costs	\$41,344,127	\$93,411,628	\$64,982,315	(\$28,429,313)	\$48,425,203	\$52,175,583	\$3,750,380	(\$24,678,933)
General Fund	3,053,744	6,129,497	4,301,439	(1,828,058)	4,096,940	4,390,406	293,466	(1,534,592)
State/Other Special	17,829,392	55,769,689	29,841,501	(25,928,188)	18,750,191	20,680,469	1,930,278	(23,997,910)
Federal Special	20,460,991	31,512,442	30,839,375	(673,067)	25,578,072	27,104,708	1,526,636	853,569
Total Funds	\$41,344,127	\$93,411,628	\$64,982,315	(\$28,429,313)	\$48,425,203	\$52,175,583	\$3,750,380	(\$24,678,933)

The legislative budget is \$24.6 million or 18 percent less than the executive budget proposal. The legislature did not approve \$1.5 million in general fund and \$23.9 million in state special revenue. Federal revenue increased by \$0.8 million due to the implementation of HB 447, the pay plan

The reduction in general fund is the net result of the decision not to approve a \$2.0 million appropriation for a hazardous waste study and the appropriation to fund HB 60, the methamphetamine lab cleanup program.

The legislature approved \$23.9 million less in state special revenue authority than the executive budget proposal. This can be attributed to:

- Decision to not approve \$763,250 for 3.00 FTE to establish an air permitting process for the oil and gas industry
- Elimination of 2.00 FTE and operating costs in the Water Protection Bureau for approximately \$300,000
- Reduction of appropriations from the orphan share account from \$4.1 million to \$3.3 million
- Reduction in authority to collect fees for environmental impact statements under the Montana Environmental Policy Act (MEPA) by \$1.0 million
- Reduction of \$328,664 due to the failure of HB 361, opencut mining fees
- Elimination of \$360,000 for the concentrated animal feeding operations environmental impact study due to the passage of SB 320
- Removal of \$21.6 million of state special revenue associated with hard rock bond forfeitures with utilization of the budget amendment process if forfeitures occur

Program Legislative Budget

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding. Also included in the table is HB 447 pay plan allocation.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	11.00	0.00	0.00	11.00	0.00	0.00	11.00	11.00
Personal Services	495,078	107,368	17,016	619,462	107,456	43,719	646,253	1,265,715
Operating Expenses	593,848	692,436	250,000	1,536,284	567,670	0	1,161,518	2,697,802
Equipment	0	0	0	0	0	0	0	0
Total Costs	\$1,088,926	\$799,804	\$267,016	\$2,155,746	\$675,126	\$43,719	\$1,807,771	\$3,963,517
General Fund	253,386	64,231	6,763	324,380	63,961	17,236	334,583	658,963
State/Other Special	647,125	771,708	257,100	1,675,933	647,119	18,347	1,312,591	2,988,524
Federal Special	188,415	(36,135)	3,153	155,433	(35,954)	8,136	160,597	316,030
Total Funds	\$1,088,926	\$799,804	\$267,016	\$2,155,746	\$675,126	\$43,719	\$1,807,771	\$3,963,517

Program Description

The Central Management Program consists of the director's office, a financial services office, and an information technology office. It is the organizational component of the DEQ responsible and accountable for the administration, management, planning, and evaluation of agency performance in carrying out department mission and statutory responsibilities. The director's office includes the director's staff, the deputy director, an administrative officer, public information officer, a centralized legal services unit, and a centralized personnel office. The financial services office provides budgeting, accounting, payroll, procurement, and contract management support to other divisions. The information technology office provides information technology services support to other divisions.

Program Highlights

Central Management Division Major Program Highlights	
♦	The legislature approved \$250,000 for an environmental impact statement of the Gallatin River
♦	The passage of SB 320 eliminated the need for the environmental impact statement on concentrated animal feeding operations, which resulted in a \$360,000 decrease in state special revenue
♦	Authority to collect fees under the Montana Environmental Policy Act was reduced by \$1.0 million of state special revenue

Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as adopted by the legislature.

		Program Funding Table					
		Central Management Progr					
Program Funding		Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01000	Total General Funds	\$ 253,386	23.3%	\$ 324,380	15.0%	\$ 334,583	18.5%
	01100 General Fund	253,386	23.3%	324,380	15.0%	334,583	18.5%
02000	Total State Special Funds	647,125	59.4%	1,675,933	77.7%	1,312,591	72.6%
	02058 Petroleum Storage Tank Cleanup	-	-	31,447	1.5%	32,507	1.8%
	02070 Hazardous Waste-Cercla	17,439	1.6%	14,773	0.7%	15,273	0.8%
	02075 Ust Leak Prevention Program	9,301	0.9%	59,797	2.8%	61,804	3.4%
	02097 Environmental Rehab & Response	6,359	0.6%	125,000	5.8%	-	-
	02157 Solid Waste Management Fee	10,477	1.0%	33,345	1.5%	34,459	1.9%
	02162 Environmental Quality Protecti	-	-	-	-	-	-
	02201 Air Quality-Operating Fees	55,994	5.1%	57,525	2.7%	59,456	3.3%
	02202 Asbestos Control	-	-	20,773	1.0%	21,471	1.2%
	02204 Public Drinking Water	5,075	0.5%	6,629	0.3%	6,852	0.4%
	02206 Agriculture Monitoring	-	-	-	-	-	-
	02278 Mpdcs Permit Program	50,104	4.6%	287,757	13.3%	39,027	2.2%
	02418 Subdivision Plat Review	27,954	2.6%	29,868	1.4%	30,876	1.7%
	02458 Reclamation & Development	31,096	2.9%	45,087	2.1%	46,597	2.6%
	02542 Mt Environ Policy Act Fee	429,870	39.5%	953,832	44.2%	953,832	52.8%
	02567 Rit Excess Corpus	-	-	-	-	-	-
	02845 Junk Vehicle Disposal	3,456	0.3%	7,572	0.4%	7,829	0.4%
	02954 Septage Fees	-	-	2,528	0.1%	2,608	0.1%
03000	Total Federal Special Funds	188,415	17.3%	155,433	7.2%	160,597	8.9%
	03067 Dsl Federal Reclamation Grant	14,763	1.4%	13,135	0.6%	13,571	0.8%
	03100 Epa / Drinking Water Srf	2,202	0.2%	-	-	-	-
	03228 L.U.S.T./Trust	5,926	0.5%	-	-	-	-
	03262 Epa Ppg	-	-	123,505	5.7%	128,025	7.1%
	03302 Wetlands Grant	2,770	0.3%	-	-	-	-
	03385 Epa/One Stop Program	-	-	-	-	-	-
	03433 Epa Perf Partnership Fy04-05	126,307	11.6%	-	-	-	-
	03436 Nps 04 Staffing & Support	28,695	2.6%	14,058	0.7%	14,111	0.8%
	03437 Sep Base 2004	7,097	0.7%	1,580	0.1%	1,629	0.1%
	03452 Epa Readiness Grant	-	-	-	-	-	-
	03687 Drinking Water Srf Ffy02	655	0.1%	3,155	0.1%	3,261	0.2%
Grand Total		<u>1,088,926</u>	<u>100.0%</u>	<u>2,155,746</u>	<u>100.0%</u>	<u>1,807,771</u>	<u>100.0%</u>

The majority of the functions in this division are funded with non-budgeted proprietary funds, and are not appropriated through HB 2. The proprietary funding is based upon a negotiated indirect rate with the federal Environmental Protection Agency (EPA). The indirect rate is assessed against funding for all personal services, temporary services, and work-study projects within each division, and transferred to the Central Management Program to fund operating costs. A further discussion is included in the proprietary rate section. Appropriated funds consist of 18 percent general fund for support of the Board of Environmental Review and general operating costs, 52 percent Montana Environmental Protection Act (MEPA) fees from permit applications for completion of environmental impact statements, and a number of small federal grants.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2006-----						-----Fiscal 2007-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					132,470					132,563
Vacancy Savings					(25,102)					(25,107)
Inflation/Deflation					(374)					(368)
Fixed Costs					(1,892)					(1,685)
Total Statewide Present Law Adjustments					\$105,102					\$105,403
DP 1004 - MT Environmental Policy Act Biennial Restricted	0.00	0	523,962	0	523,962	0.00	0	523,962	0	523,962
DP 1009 - Non-Proprietary Central Management Operating Adj	0.00	24,273	137,860	8,607	170,740	0.00	24,277	12,872	8,612	45,761
Total Other Present Law Adjustments	0.00	\$24,273	\$661,822	\$8,607	\$694,702	0.00	\$24,277	\$536,834	\$8,612	\$569,723
Grand Total All Present Law Adjustments					\$799,804					\$675,126

DP 1004 - MT Environmental Policy Act Biennial Restricted - The legislature approved an adjustment increasing the biennial restricted appropriation for the Montana Environmental Policy Act (MEPA). An outside party requesting an environmental impact statement (EIS) from the department pays the fee. The average cost of an EIS is \$350,000 to \$400,000 with an average of four EIS projects per year. \$500,000 of this appropriation is contingent upon the passage of legislation to revise MEPA fees.

DP 1009 - Non-Proprietary Central Management Operating Adj - The legislature approved an operating adjustment for MEPA administration and the Environmental Rehabilitation and Environmental Response (ERRA) program. The adjustment would cover increased costs of contracted services and travel.

New Proposals

New Proposals										
-----Fiscal 2006-----						-----Fiscal 2007-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1012 - Gallatin River EIS OTO	10	0.00	0	250,000	0	250,000	0.00	0	0	0
DP 6010 - 2007 Biennium Pay Plan - HB 447	10	0.00	6,763	7,100	3,153	17,016	0.00	17,236	18,347	8,136
Total	0.00	\$6,763	\$257,100	\$3,153	\$267,016	0.00	\$17,236	\$18,347	\$8,136	\$43,719

DP 1012 - Gallatin River EIS OTO - The legislature approved a one-time only restricted appropriation to fund an environmental impact statement (EIS) on the reach of Gallatin River from the boundary of Yellowstone National Park to the intersection of Spanish Creek. This EIS would be used to determine if this reach of stream qualifies as an outstanding resource water.

DP 6010 - 2007 Biennium Pay Plan - HB 447 - The legislature passed a pay plan in HB 447 that provides an additional 3.5 percent (or \$1,005, whichever is greater) in FY 2006 and an additional 4.0 percent (or \$1,188, whichever is greater) in FY 2007, as well as \$46 per month in insurance contributions in calendar 2006 and an additional \$51 per month in calendar 2007. These amounts represent the program's allocation of costs to fund this pay plan.

Proprietary Program Description

The Central Management Program of the Department of Environmental Quality (DEQ) consists of the director's office, a financial services office, and an information technology office. It is the organizational component of the agency responsible and accountable for the administration, management, planning, and evaluation of agency performance in carrying out the department mission and statutory responsibilities. The director's office includes the director's staff, the deputy director, an administrative officer, public information officer, a centralized legal services unit, and a centralized personnel office. The financial services office provides budgeting, accounting, payroll, procurement, and contract management support to other divisions. The information technology office provides information technology services support to other divisions.

The centralized legal services unit has 3.00 FTE that are funded by the internal service fund, two attorneys and one paralegal. This staff provides the administration, management, and planning for the legal services unit, and specific duties for department programs, including legislation, rule making, enforcement actions, and contract review. The remainder of this unit is funded by direct charges to the programs and projects requiring the legal work.

The customers of this program are all divisions and employees of the department. Use of these services is mandated by agency policies and procedures. There are no alternative sources for the Central Management Program as a whole. The department contracts for legal services whenever it is cost effective to do so, or to obtain specific expertise for a case, or when legal jurisdiction of the case requires an attorney licensed in that state. The department contracts for information technology database development and for hosting of the department's enterprise database.

Proprietary Revenues and Expenses

The department has one proprietary fund, which is an internal service fund used to account for the department's indirect cost activity. The department anticipates negotiating an indirect cost rate with the U.S. Environmental Protection Agency (EPA) of approximately 25 percent in FY 2006 and FY 2007. Revenues generated by the current indirect cost rate fund 51.50 FTE.

The Central Management Program provides the services presented in the program description. The cost of providing support services is directly related to the number of staff served. The department negotiates an indirect rate with EPA based on that computation annually. Adjustments for over-recovery and under-recovery in the previous year are made to the calculations each year. EPA and DEQ agree to the services that are included in the indirect calculation. Funding is collected from all non-proprietary sources expended within the department. FY 2004 collections were: \$ 404,382 in general fund, \$1,635,608 in state special revenue, and \$1,608,227 in federal special revenue.

Expense Description: The major cost drivers within this program are personal services costs and fixed costs. Additional costs for overtime are incurred when workload changes, such as upgrades to the state accounting system (SABHRS), a special legislative session, and increased monitoring and oversight of budgets due to revenue shortfalls. Fixed costs continue to be a significant cost increase to the proprietary fund. The cost of providing support services is directly related to the number of staff served. Therefore, future expenses are determined by projecting increases or decreases in program staff. Non-typical and one-time expenses are backed out of the cost of providing services before calculating the indirect rate. Salaries are constant throughout the fiscal year, except during fiscal year end, executive budget preparation, and legislative session. Supplies are purchased on an as needed basis, except during peak times noted above. The indirect rate proposed to the legislature will fund 55.50 FTE.

Working Capital

The objective of program management is to recover costs to fund necessary, ongoing operation of the Central Management Program. The program has no requirement to reserve an excess fund balance. The fund normally carries a 60-day working capital balance to meet its immediate cash needs for covering payroll and various operating costs.

Fund Equity

The department does not reserve a fund balance on the accounting records nor does it try to maintain a fund balance. The revenues generated should be enough to cover the current year's operations. However, due to timing factors, the fund balance does not always equal zero.

Proprietary Rate Explanation

The department negotiates an annual indirect cost rate with EPA. The approved rate is a fixed rate. This rate is applied against personal services, temporary services, and work-study contracts charged within each division of the department, other than the Central Management Program.

The legislature approved an increase in its indirect cost rate from 23 percent approved in the last legislative session to 24 percent. The rate negotiated with EPA requires a carry-forward amount be built into the rate. This carry-forward amount represents the amount the department either under-recovered or over-recovered in a given year. This computation compares what was initially negotiated versus what actually occurred. The difference is then carried forward into the following year's rate.

The department's indirect cost rate is determined based on guidelines prescribed by the federal government. In addition, the department complies with Section 17-3-111, MCA, which requires agencies to negotiate a rate that would recover indirect costs to the fullest extent possible. In order to comply with this law, the department has requested a rate that may vary slightly from the rate the department actually negotiates with EPA. The rate approved by the legislature is considered a cap. Therefore, the department cannot negotiate for a rate higher than what has been approved by the legislature. However, the rate negotiated with EPA may be slightly lower.

Program Legislative Budget

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding. Also included in the table is HB 447 pay plan allocation.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	84.58	4.00	4.00	92.58	4.00	4.00	92.58	92.58
Personal Services	3,580,754	789,119	253,009	4,622,882	787,910	462,837	4,831,501	9,454,383
Operating Expenses	5,718,638	3,195,496	448,783	9,362,917	3,201,347	432,086	9,352,071	18,714,988
Equipment	89,491	2,563	0	92,054	2,563	0	92,054	184,108
Total Costs	\$9,388,883	\$3,987,178	\$701,792	\$14,077,853	\$3,991,820	\$894,923	\$14,275,626	\$28,353,479
General Fund	1,614,878	766,785	212,318	2,593,981	769,107	257,932	2,641,917	5,235,898
State/Other Special	643,425	312,721	13,901	970,047	317,457	35,975	996,857	1,966,904
Federal Special	7,130,580	2,907,672	475,573	10,513,825	2,905,256	601,016	10,636,852	21,150,677
Total Funds	\$9,388,883	\$3,987,178	\$701,792	\$14,077,853	\$3,991,820	\$894,923	\$14,275,626	\$28,353,479

Program Description

The Planning, Prevention and Assistance Division consist of three bureaus: Technical and Financial Assistance, Water Quality Planning, and Air, Energy and Pollution Prevention. The division:

- 1) Finances for construction and improvement of community drinking water and wastewater systems, and provides engineering review and technical assistance to Montana communities water infrastructure planners;
- 2) Assists small businesses in reducing emissions and complying with environmental regulations;
- 3) Monitors air and water quality conditions, assesses potential pollution problems, and aids industry achieve cost effective compliance;
- 4) Assists communities to plan for energy, watershed, airshed, and solid and hazardous waste management;
- 5) Helps develop water Total Maximum Daily Loads (TMDL);
- 6) Proposes rules and policy, and develops environmental protection criteria;
- 7) Provides analysis to assess the cost effectiveness of environmental programs;
- 8) Finances energy saving retrofits of public buildings and renewable energy systems for homeowners and small businesses;
- 9) Provides technical assistance and education to builders, homeowners, and businesses on energy efficiency and renewable energy, indoor air quality, radon, recycling, and solid waste reduction.

Program Highlights

Planning Prevention and Assistance Division Major Program Highlights	
♦	9.00 FTE (5.00 permanent and 4.00 temporary) were approved to provide staffing to complete total maximum daily loads (TMDL) prior to the court imposed deadline
♦	\$1.3 million of present law adjustments were approved to compensate for delays in federal funding and previous staff vacancies

Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as adopted by the legislature.

		Program Funding Table					
		Plan.Prevent. & Assist.					
Program Funding		Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01000	Total General Fund	\$ 1,614,878	17.2%	\$ 2,593,981	18.4%	\$ 2,641,917	18.5%
	01100 General Fund	1,614,878	17.2%	2,593,981	18.4%	2,641,917	18.5%
02000	Total State Special Funds	643,425	6.9%	970,047	6.9%	996,857	7.0%
	02070 Hazardous Waste-Cercla	141,771	1.5%	134,394	1.0%	135,779	1.0%
	02157 Solid Waste Management Fee	54,696	0.6%	85,582	0.6%	89,420	0.6%
	02201 Air Quality-Operating Fees	182,254	1.9%	246,674	1.8%	254,881	1.8%
	02203 Arco	-	-	25,339	0.2%	25,339	0.2%
	02206 Agriculture Monitoring	3,962	0.0%	6,296	0.0%	8,292	0.1%
	02223 Wastewater Srf Special Admin	4,564	0.0%	22,463	0.2%	23,296	0.2%
	02278 Mpdcs Permit Program	75,259	0.8%	88,532	0.6%	92,146	0.6%
	02316 Go94B/Ban 93D Admin	52,798	0.6%	63,359	0.5%	65,720	0.5%
	02388 Misc. State Special Revenue	39,996	0.4%	26,772	0.2%	28,040	0.2%
	02491 Drinking Water Spec Admin Cost	31,003	0.3%	80,900	0.6%	84,113	0.6%
	02555 Alternative Energy Rev Loan	6,943	0.1%	36,726	0.3%	36,692	0.3%
	02973 Univ System Benefits Program	50,179	0.5%	153,010	1.1%	153,139	1.1%
03000	Total Federal Special Funds	7,130,580	75.9%	10,513,825	74.7%	10,636,852	74.5%
	03007 Doe Special Projects	58,171	0.6%	104,457	0.7%	109,621	0.8%
	03010 Nps 04 Projects	1,669,998	17.8%	1,669,998	11.9%	1,669,998	11.7%
	03033 Energy/Fsd	134,487	1.4%	172,469	1.2%	174,917	1.2%
	03100 Epa / Drinking Water Srf	127,024	1.4%	158,672	1.1%	159,090	1.1%
	03232 Drinking Water Srf Ffy 00	11,195	0.1%	-	-	-	-
	03245 Wastewater Treatment Grant	71,684	0.8%	-	-	-	-
	03249 Nps Implementation Grant	288,600	3.1%	449,952	3.2%	449,964	3.2%
	03262 Epa Ppg	-	-	3,407,562	24.2%	3,442,813	24.1%
	03302 Wetlands Grant	111,181	1.2%	649,005	4.6%	650,864	4.6%
	03433 Epa Perf Partnership Fy04-05	1,796,032	19.1%	134	0.0%	63	0.0%
	03435 Pm 2.5 Fiscal Year 2004	311,236	3.3%	329,689	2.3%	335,751	2.4%
	03436 Nps 04 Staffing & Support	986,046	10.5%	1,160,132	8.2%	1,197,325	8.4%
	03437 Sep Base 2004	351,850	3.7%	604,179	4.3%	619,978	4.3%
	03442 Dw Srf 03	339,979	3.6%	645,430	4.6%	660,856	4.6%
	03457 Wpc Srf Fy03 Grant	192,048	2.0%	315,984	2.2%	327,733	2.3%
	03459 Doe Competitive Special Proj	23,323	0.2%	139,928	1.0%	140,356	1.0%
	03667 Tmdl Supplemental	-	-	159,547	1.1%	159,772	1.1%
	03676 Bureau Of Land Management	-	-	40,000	0.3%	40,000	0.3%
	03687 Drinking Water Srf Ffy02	100,952	1.1%	-	-	-	-
	03695 Srf St Tribal Rel Agrmt Grant	24,937	0.3%	46,778	0.3%	48,074	0.3%
	03716 Doe - Omnibu	54,492	0.6%	64,000	0.5%	64,000	0.4%
	03814 Epa Water Quality 205J	218,965	2.3%	225,885	1.6%	213,407	1.5%
	03817 Emap	128,567	1.4%	130,024	0.9%	132,270	0.9%
	03818 Tmdl Special Projects	27,783	0.3%	40,000	0.3%	40,000	0.3%
	03953 Drinking Water Srf 99	102,030	1.1%	-	-	-	-
Grand Total		\$ 9,388,883	100.0%	\$ 14,077,853	100.0%	\$ 14,275,626	100.0%

The division is funded with general fund and a variety of state special and federal special revenue sources. The division's primary state special revenue funds are the fees collected for air quality permits and a portion of the RIT interest deposited in the hazardous waste/CERCLA account. The largest portion of federal funds are provided through the Environmental Protection Agency (EPA) programs, including the performance partnership grant and non-point source pollution control funding.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2006-----						-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				763,375					762,798	
Vacancy Savings				(173,767)					(173,739)	
Inflation/Deflation				(15,459)					(15,133)	
Fixed Costs				51,456					53,395	
Total Statewide Present Law Adjustments				\$625,605					\$627,321	
DP 2001 - Water Quality Planning Bureau Operations Adj	0.00	22,346	30,331	421,171	473,848	0.00	16,208	30,324	418,233	464,765
DP 2002 - Fiscal & Administrative Unit Operations Adj	0.00	(13,815)	4,608	7,407	(1,800)	0.00	(2,662)	6,834	6,984	11,156
DP 2003 - Technical & Financial Assistance Bureau Operat Adj	0.00	1,811	23,377	316,901	342,089	0.00	1,804	23,674	317,715	343,193
DP 2004 - Air Energy & Pollution Prevention Bureau Oper Adj	0.00	34,754	161,892	321,911	518,557	0.00	33,584	163,049	320,692	517,325
DP 2007 - Water Quality Monitoring TMDL Completion	5.00	447,862	0	1,432,879	1,880,741	5.00	447,043	0	1,432,879	1,879,922
DP 2019 - Database Maintenance Costs - OTO	0.00	25,000	0	0	25,000	0.00	25,000	0	0	25,000
DP 2021 - Statewide FTE Reduction	(1.00)	(41,862)	0	0	(41,862)	(1.00)	(41,862)	0	0	(41,862)
DP 2022 - Water Quality Monitoring TMDL Completion-OTO	0.00	165,000	0	0	165,000	0.00	165,000	0	0	165,000
Total Other Present Law Adjustments										
	4.00	\$641,096	\$220,208	\$2,500,269	\$3,361,573	4.00	\$644,115	\$223,881	\$2,496,503	\$3,364,499
Grand Total All Present Law Adjustments				\$3,987,178						\$3,991,820

DP 2001 - Water Quality Planning Bureau Operations Adj - The legislature approved a base adjustment for increased contracted services and to annualize contracts released late due to delays in federal funding.

DP 2002 - Fiscal & Administrative Unit Operations Adj - The legislature approved an adjustment for operating costs due to vacancies in the base year. The adjustment is the net affect of a reduction in contracted services, increases in supplies and travel, and indirect charges. In addition, general fund is being replaced with state special revenue and federal special revenue.

DP 2003 - Technical & Financial Assistance Bureau Oper Adj - The legislature approved operating adjustments each year of the biennium for contracted services, travel, supplies, communications, rent in non-state owned buildings, and indirect charges associated with increased staffing. The adjustment will provide for increased assistance and capacity development in the public water supply program, increased workload on the State and Tribal Agreement Grant (STAG), and annualization of the federal wetlands grant due to late receipt from the federal government.

DP 2004 - Air Energy & Pollution Prevention Bureau Oper Adj - The legislature approved adjustments in the Air Energy and Pollution Prevention Bureau to account for reduced expenditures in the base year due to a delay caused by late appropriations from Congress, and increased travel, communications, materials for the six vacant positions during the base year, and for indirect costs associated with increased staffing.

DP 2007 - Water Quality Monitoring TMDL Completion - The legislature approved 5.00 FTE and contracted services to increase the current pace and efficiency of total maximum daily load (TMDL) development in order to comply with a federal district court order. The program must complete all 1996 water body reassessments and full TMDL development for eight western watersheds by 2007, and complete all remaining necessary TMDLs by 2012.

DP 2019 - Database Maintenance Costs - OTO - The legislature approved a one-time-only budget request for the design and development of software and associated operating costs. This system will be used both by agency staff for sufficient credible data/beneficial use determination (SCD/BUD) tasks and a secured version for public viewing to satisfy Federal Clean Water Act reporting requirements.

DP 2021 - Statewide FTE Reduction - The legislature approved an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This 1.00 FTE and nearly \$42,000 general fund per year will be removed from the budget permanently.

DP 2022 - Water Quality Monitoring TMDL Completion-OTO - The legislature approved a one-time-only request for two one-time database development and enhancement projects, to enhance data use entry and retrieval, and to assist in completing all future TMDL projects.

New Proposals

New Proposals										
-----Fiscal 2006-----						-----Fiscal 2007-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2012 - BLM Funding for Water Quality Monitoring										
20	0.00	0	0	40,000	40,000	0.00	0	0	40,000	40,000
DP 2016 - Wetlands Grants Authority										
20	0.00	0	0	330,000	330,000	0.00	0	0	330,000	330,000
DP 2020 - Water Quality Management TMDL Temp. FTE OTO										
20	4.00	182,843	0	0	182,843	4.00	182,443	0	0	182,443
DP 2065 - HB22 - Water Adjudication Fees										
20	0.00	0	0	16,620	16,620	0.00	0	0	0	0
DP 6010 - 2007 Biennium Pay Plan - HB 447										
20	0.00	29,475	13,901	88,953	132,329	0.00	75,489	35,975	231,016	342,480
Total	4.00	\$212,318	\$13,901	\$475,573	\$701,792	4.00	\$257,932	\$35,975	\$601,016	\$894,923

DP 2012 - BLM Funding for Water Quality Monitoring - The legislature provided federal special revenue authority for Bureau of Land Management (BLM) funding each year to provide water quality monitoring on public lands managed by BLM.

DP 2016 - Wetlands Grants Authority - The legislature approved federal special revenue authority each fiscal year to restore base level funding caused by the federal wetland grants being received late in the base year.

DP 2020 - Water Quality Management TMDL Temp. FTE OTO - The legislature approved a one-time-only request for 4.00 FTE for the 2007 biennium to provide on-the-ground work to increase the current pace and efficiency of Total Maximum Daily Load (TMDL) development in order to comply with a federal district court order.

DP 2065 - HB22 - Water Adjudication Fees - The legislature approved federal revenue to cover the cost of water adjudication fees associated with water rights held by the department.

DP 6010 - 2007 Biennium Pay Plan - HB 447 - The legislature passed a pay plan in HB 447 that provides an additional 3.5 percent (or \$1,005, whichever is greater) in FY 2006 and an additional 4.0 percent (or \$1,188, whichever is greater) in FY 2007, as well as \$46 per month in insurance contributions in calendar 2006 and an additional \$51 per month in calendar 2007. These amounts represent the program's allocation of costs to fund this pay plan.

Language

The legislature approved the following language for inclusion in HB2:

"The department is authorized to decrease federal special revenue in the water pollution control and/or drinking water revolving loan programs and to increase state special revenue by a like amount within the special administration account when the amount of federal capitalization funds have been expended or when federal funds and bond proceeds will be used for other program purposes."

Program Legislative Budget

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding. Also included in the table is HB 447 pay plan allocation.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	14.00	0.00	0.00	14.00	0.00	0.00	14.00	14.00
Personal Services	659,987	33,612	19,888	713,487	33,842	51,450	745,279	1,458,766
Operating Expenses	270,729	44,484	0	315,213	47,640	0	318,369	633,582
Total Costs	\$930,716	\$78,096	\$19,888	\$1,028,700	\$81,482	\$51,450	\$1,063,648	\$2,092,348
General Fund	370,865	29,307	7,787	407,959	30,627	19,958	421,450	829,409
State/Other Special	148,722	102,620	4,968	256,310	103,509	12,933	265,164	521,474
Federal Special	411,129	(53,831)	7,133	364,431	(52,654)	18,559	377,034	741,465
Total Funds	\$930,716	\$78,096	\$19,888	\$1,028,700	\$81,482	\$51,450	\$1,063,648	\$2,092,348

Program Description

The Enforcement Division is the central control for activities designed to facilitate the enforcement of the statutes and regulations administered by the department. The division develops department enforcement policies and procedures for approval by the director and ensures they are implemented in a consistent manner across the department. The division maintains a citizen complaint clearinghouse and information tracking system. The division coordinates the legal and technical aspects of enforcement cases, both administrative and judicial, and monitors violators to determine compliance with department orders.

Program Highlights

Enforcement Division Major Program Highlights	
♦	The legislature approved operating increases, including vehicle leases.

Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as adopted by the legislature.

		Program Funding Table Enforcement Division					
Program Funding		Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01000	Total General Funds	\$ 370,865	39.8%	\$ 407,959	39.7%	\$ 421,450	39.6%
	01100 General Fund	370,865	39.8%	407,959	39.7%	421,450	39.6%
02000	Total State Special Funds	148,722	16.0%	256,310	24.9%	265,164	24.9%
	02075 Ust Leak Prevention Program	48,559	5.2%	75,467	7.3%	78,104	7.3%
	02201 Air Quality-Operating Fees	48,459	5.2%	75,353	7.3%	77,984	7.3%
	02204 Public Drinking Water	14,834	1.6%	42,878	4.2%	44,292	4.2%
	02278 Mpdes Permit Program	32,411	3.5%	35,687	3.5%	36,926	3.5%
	02458 Reclamation & Development	4,459	0.5%	4,908	0.5%	5,083	0.5%
	02845 Junk Vehicle Disposal	-	-	22,017	2.1%	22,775	2.1%
03000	Total Federal Special Funds	411,129	44.2%	364,431	35.4%	377,034	35.4%
	03067 Dsl Federal Reclamation Grant	16,708	1.8%	18,387	1.8%	19,020	1.8%
	03228 L.U.S.T./Trust	35,661	3.8%	39,254	3.8%	40,608	3.8%
	03262 Epa Ppg	-	-	250,221	24.3%	258,885	24.3%
	03433 Epa Perf Partnership Fy04-05	307,355	33.0%	-	-	-	-
	03436 Nps 04 Staffing & Support	51,405	5.5%	56,569	5.5%	58,521	5.5%
Grand Total		<u>\$ 930,716</u>	<u>100.0%</u>	<u>\$ 1,028,700</u>	<u>100.0%</u>	<u>\$ 1,063,648</u>	<u>100.0%</u>

The Enforcement Division is primarily funded with general fund, federal EPA partnership grant monies, and state special revenue sources such as air quality fees, junk vehicle fees, and public drinking water funds that are utilized for enforcement activities. The division receives RIT funding through the reclamation and development account.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2006-----					-----Fiscal 2007-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					62,513					62,751
Vacancy Savings					(28,901)					(28,909)
Inflation/Deflation					(2,306)					(2,260)
Fixed Costs					5,205					5,499
Total Statewide Present Law Adjustments					\$36,511					\$37,081
DP 3001 - Enforcement Operations Adjustment										
0.00	14,761	8,914	13,180	36,855	0.00	15,853	9,574	14,154	39,581	
DP 3002 - Enforcement Vehicle Lease										
0.00	0	4,730	0	4,730	0.00	0	4,820	0	4,820	
Total Other Present Law Adjustments										
0.00	\$14,761	\$13,644	\$13,180	\$41,585	0.00	\$15,853	\$14,394	\$14,154	\$44,401	
Grand Total All Present Law Adjustments					\$78,096					\$81,482

DP 3001 - Enforcement Operations Adjustment - The legislature approved operating adjustments for anticipated increases in lab analysis, in-state travel, IT consulting, indirect, and printing costs.

DP 3002 - Enforcement Vehicle Lease - The legislature provided authority for a leased vehicle to replace a department owned vehicle that is no longer reliable and has high mileage.

New Proposals

New Proposals										
-----Fiscal 2006-----						-----Fiscal 2007-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6010 - 2007 Biennium Pay Plan - HB 447										
30	0.00	7,787	4,968	7,133	19,888	0.00	19,958	12,933	18,559	51,450
Total	0.00	\$7,787	\$4,968	\$7,133	\$19,888	0.00	\$19,958	\$12,933	\$18,559	\$51,450

DP 6010 - 2007 Biennium Pay Plan - HB 447 - The legislature passed a pay plan in HB 447 that provides an additional 3.5 percent (or \$1,005, whichever is greater) in FY 2006 and an additional 4.0 percent (or \$1,188, whichever is greater) in FY 2007, as well as \$46 per month in insurance contributions in calendar 2006 and an additional \$51 per month in calendar 2007. These amounts represent the program's allocation of costs to fund this pay plan.

Program Legislative Budget

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding. Also included in the table is HB 447 pay plan allocation.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	63.75	(2.00)	0.00	61.75	(2.00)	0.00	61.75	61.75
Personal Services	2,606,998	407,696	90,335	3,105,029	407,499	234,630	3,249,127	6,354,156
Operating Expenses	5,090,874	3,425,083	4,929,663	13,445,620	3,324,202	3,679,663	12,094,739	25,540,359
Benefits & Claims	0	1,025,000	0	1,025,000	1,025,000	0	1,025,000	2,050,000
Transfers	0	0	0	0	0	0	0	0
Total Costs	\$7,697,872	\$4,857,779	\$5,019,998	\$17,575,649	\$4,756,701	\$3,914,293	\$16,368,866	\$33,944,515
General Fund	0	0	0	0	0	0	0	0
State/Other Special	2,096,708	1,575,081	3,390,665	7,062,454	1,524,877	2,205,756	5,827,341	12,889,795
Federal Special	5,601,164	3,282,698	1,629,333	10,513,195	3,231,824	1,708,537	10,541,525	21,054,720
Total Funds	\$7,697,872	\$4,857,779	\$5,019,998	\$17,575,649	\$4,756,701	\$3,914,293	\$16,368,866	\$33,944,515

Program Description

The Remediation Division protects human health and the environment by preventing exposure to hazardous substances that have been released to soil, sediment, surface water, or groundwater. The division also ensures compliance with state and federal regulations. The division's responsibilities include: oversight, investigation, and cleanup activities at state and federal Superfund sites, and voluntary cleanup activities; reclamation of abandoned mine lands; implementation of corrective actions at sites with leaking underground storage tanks; and oversight of groundwater remediation at sites where improper placement of wastes has caused groundwater contamination. This division is divided into two bureaus:

- 1) The Hazardous Waste Site Cleanup Bureau (HWSCB) oversees or conducts the investigation and cleanup of sites contaminated by chemical spills, hazardous substances and petroleum released by industrial and commercial operations other than mining. The bureau works with the Petroleum Tank Release Compensation Board for eligibility and reimbursement determinations, and provides grants to local governments for compliance assistance.
- 2) The Mine Waste Cleanup Bureau (MWCB) is responsible for administering and overseeing remedial actions at historical mine sites, abandoned mines, ore-transport, and processing facilities. It also oversees the provisions of the federal Comprehensive Environmental Response and Liability Act (CERCLA or federal superfund program).

Program Highlights

Remediation Division Major Program Highlights	
♦	Funding from the orphan share was adjusted through: <ul style="list-style-type: none"> ♦ A decrease of \$2.0 million in reimbursements for remedial action at qualified sites ♦ An increase of \$1.25 for a remediation study at a multi-party site in NW Montana
♦	2.00 FTE were moved to proprietary funding based on job type

Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as adopted by the legislature.

		Program Funding Table					
		Remediation Division					
Program Funding		Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
02000	Total State Special Funds	\$ 2,096,708	27.2%	\$ 7,417,252	41.4%	\$ 5,932,138	36.0%
	02058 Petroleum Storage Tank Cleanup	1,117,596	14.5%	1,315,681	7.3%	1,349,757	8.2%
	02070 Hazardous Waste-Cercla	66,730	0.9%	24,598	0.1%	25,630	0.2%
	02075 Ust Leak Prevention Program	(3)	0.0%	-	-	-	-
	02162 Environmental Quality Protecti	733,509	9.5%	1,219,264	6.8%	1,244,630	7.6%
	02206 Agriculture Monitoring	6,479	0.1%	54,192	0.3%	7,932	0.0%
	02472 Orphan Share Fund	19,734	0.3%	2,550,446	14.2%	1,051,144	6.4%
	02565 Lust Cost Recovery	-	-	100,000	0.6%	100,000	0.6%
	02775 Cercla Go Bonds	-	-	2,000,000	11.2%	2,000,000	12.1%
	02940 Pegasus - Basin	152,663	2.0%	153,071	0.9%	153,045	0.9%
03000	Total Federal Special Funds	5,601,164	72.8%	10,513,195	58.6%	10,541,525	64.0%
	03036 Deq - Federal Aml Grant	2,092,485	27.2%	-	-	-	-
	03222 Lockwood Superfund Site	101,945	1.3%	456,399	2.5%	458,210	2.8%
	03228 L.U.S.T./Trust	468,628	6.1%	598,588	3.3%	560,732	3.4%
	03256 Superfund Core	278,540	3.6%	-	-	-	-
	03257 Superfund Multi-Site	977,109	12.7%	1,753,036	9.8%	1,772,619	10.8%
	03262 Epa Ppg	-	-	149,891	0.8%	153,548	0.9%
	03433 Epa Perf Partnership Fy04-05	101,566	1.3%	-	-	-	-
	03438 Brownsfield State Response	-	-	1,007,274	5.6%	1,015,770	6.2%
	03439 Basin Creek Mine	-	-	175,000	1.0%	175,000	1.1%
	03447 Deq-Federal Aml03 Grant	1,580,891	20.5%	6,076,552	33.9%	6,099,715	37.0%
	03463 Mine Lease/Reclamation	-	-	75,000	0.4%	75,000	0.5%
	03468 Core Cooperative Grant-Fy05	-	-	221,455	1.2%	230,931	1.4%
Grand Total		<u>\$ 7,697,872</u>	<u>100.0%</u>	<u>\$ 17,930,447</u>	<u>100.0%</u>	<u>\$ 16,473,663</u>	<u>100.0%</u>

The Remediation Division is funded with a mix of state special revenue and federal special revenue. The division does not receive any general fund. State special revenue comes from the \$.0075 gas tax for petroleum tank cleanup, registration fees for underground storage tanks, and interest proceeds from the resource indemnity trust (RIT) deposited to the environmental protection, orphan share, and hazardous waste accounts. Federal special revenue is derived from the federal Environmental Protection Agency (EPA) for Superfund oversight and various other activities, and the federal Office of Interior funds the Abandoned Mine Lands (AML) program.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2006-----						-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				644,836						644,962
Vacancy Savings				(130,071)						(130,075)
Inflation/Deflation				(5,460)						(5,263)
Fixed Costs				57,443						58,786
Total Statewide Present Law Adjustments				\$566,748						\$568,410
DP 4001 - Haz Waste Cleanup Operations Adjustment	0.00	0	131,269	(30,307)	100,962	0.00	0	84,997	(30,490)	54,507
DP 4002 - Mine Waste Cleanup Operations Adjustment	0.00	0	4,000	(33,874)	(29,874)	0.00	0	4,000	(33,874)	(29,874)
DP 4003 - Fiscal & Admin Operations Adjustment	0.00	0	(49,400)	70,857	21,457	0.00	0	(49,400)	70,446	21,046
DP 4004 - Technical Services Operations Adjustment	(2.00)	0	0	(107,069)	(107,069)	(2.00)	0	0	(107,388)	(107,388)
DP 4006 - Haz Waste Cleanup EQPF Biennial Authority OTO	0.00	0	125,000	0	125,000	0.00	0	125,000	0	125,000
DP 4008 - Mine Waste & Abandoned Mine Land Authority	0.00	0	0	2,900,000	2,900,000	0.00	0	0	2,900,000	2,900,000
DP 4009 - Lockwood Biennial Authority-Base	0.00	0	0	200,000	200,000	0.00	0	0	200,000	200,000
DP 4010 - Orphan Share Biennial Authority Oper . Adj. OTO	0.00	0	1,025,000	0	1,025,000	0.00	0	1,025,000	0	1,025,000
DP 4011 - Ustfields OTO	0.00	0	5,555	50,000	55,555	0.00	0	0	0	0
Total Other Present Law Adjustments										
	(2.00)	\$0	\$1,241,424	\$3,049,607	\$4,291,031	(2.00)	\$0	\$1,189,597	\$2,998,694	\$4,188,291
Grand Total All Present Law Adjustments				\$4,857,779						\$4,756,701

DP 4001 - Haz Waste Cleanup Operations Adjustment - The legislature approved operating adjustments for the hazardous waste cleanup program and increased authority for agricultural monitoring for contracted services.

DP 4002 - Mine Waste Cleanup Operations Adjustment - The legislature approved an overall operating cost reduction due to a rent decrease and moving expenses associate with moving to a state owned building that are partially offset by increases in travel, operating expenses, and computer equipment, due to a vacancy in the base year. Funding is predominantly federal EPA dollars.

DP 4003 - Fiscal & Admin Operations Adjustment - The legislature approved operational adjustments that are the net of a reduction for decreased rent and non-recurring moving expenses, and an increase in contracted and temporary services and training to adjust for vacancies during the base year.

DP 4004 - Technical Services Operations Adjustment - The legislature approved a reduction due to internal agency reorganization where two information technology positions were moved from the Remediation Division to the Central Management Division.

DP 4006 - Haz Waste Cleanup EQPF Biennial Authority OTO - The legislature approved a \$250,000 state special revenue one-time-only biennial appropriation request for continued contracted services support for cost recovery litigation in the environmental quality protection fund (EQPF). These expenses, as well as remedial costs, will be recovered when litigation is complete.

DP 4008 - Mine Waste & Abandoned Mine Land Authority - The legislature approved \$2.9 million each fiscal year of the 2007 biennium to allow for the expenditure of previously awarded abandoned mine federal funds that were not expended as planned because of forest closures due to ongoing drought conditions, and because the department had not completed planning and review work as rapidly as initially planned.

DP 4009 - Lockwood Biennial Authority-Base - The legislature approved a biennial appropriation of federal authority to continue as technical lead for the Lockwood solvent ground water plume. The department will continue the monitoring/sampling program, and after the consent decree is complete, provide oversight and technical expertise for the remedial design and action on this Superfund site.

DP 4010 - Orphan Share Biennial Authority Oper . Adj. OTO - The legislature approved a one-time-only biennial appropriation from the orphan share account to reimburse eligible remedial action costs from contaminated sites, and to defend the orphan share during the liability allocation process.

DP 4011 - Ustfields OTO - The legislature approved a one-time-only appropriation of state special revenue and federal special revenue in FY 2006 to be used by the Hazardous Waste Cleanup Bureau to clean up abandoned sites contaminated with petroleum in order to create opportunities for redevelopment as well as to protect human health and the environment.

New Proposals

New Proposals										
Program	FTE	Fiscal 2006				FTE	Fiscal 2007			
		General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds
DP 4005 - Brownsfields Grant Authority										
40	0.00	0	0	950,000	950,000	0.00	0	0	950,000	950,000
DP 4007 - LUST Cost Recovery Biennial Authority										
40	0.00	0	100,000	0	100,000	0.00	0	100,000	0	100,000
DP 4012 - Libby/Troy Asbestos Biennial Authority										
40	0.00	0	0	629,663	629,663	0.00	0	0	629,663	629,663
DP 4013 - CERCLA Bond Sales										
40	0.00	0	2,000,000	0	2,000,000	0.00	0	2,000,000	0	2,000,000
DP 4014 - Orphan Share Feasibility Study - (R/B/OTO) - SB489										
40	0.00	0	1,250,000	0	1,250,000	0.00	0	0	0	0
DP 6010 - 2007 Biennium Pay Plan - HB 447										
40	0.00	0	40,665	49,670	90,335	0.00	0	105,756	128,874	234,630
Total	0.00	\$0	\$3,390,665	\$1,629,333	\$5,019,998	0.00	\$0	\$2,205,756	\$1,708,537	\$3,914,293

DP 4005 - Brownsfields Grant Authority - The legislature approved federal special revenue authority each year of the 2007 biennium for the division's federal brownfields grant. A brownfield is a property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant. The federal grant program funds cleanup to increase opportunities for development and reuse of contaminated sites.

DP 4007 - LUST Cost Recovery Biennial Authority - The legislature approved a state special revenue biennial appropriation to recover federal grant funds expended in the cleanup of contamination from underground storage tanks. Under the Leaking Underground Storage Tank (LUST) federal law, any state-recovered monies are to be used for cleanup of other sites also meeting these site definitions. The recovered funds will supplement the LUST program to continue cleanup efforts where owners/operators of certain tanks are insolvent or recalcitrant.

DP 4012 - Libby/Troy Asbestos Biennial Authority - The legislature approved a biennial appropriation of federal special revenue for site investigation at the Libby/Troy Asbestos site. The town of Troy is part of the Libby Asbestos Site. The remedial investigation activities are intended to identify properties in the Troy area with Libby asbestos contamination.

DP 4013 - CERCLA Bond Sales - The legislature approved \$2 million state special revenue each year of the biennium to spend bond proceeds. This funding will support state obligations at the Libby/Troy, Basin/10-Mile, and East Helena national priority list sites in Montana.

DP 4014 - Orphan Share Feasibility Study - (R/B/OTO) - SB489 - The legislature approved a \$1.50 million one-time only, biennial and restricted general fund appropriation to conduct a remedial investigation and feasibility study at the Kalispell Pole and Timber, Reliance Refinery, and Yale Oil facilities. The study will assist in determining the means and cost of cleanup. SB 489 passed with \$1.25 allocated for this activity. Therefore, HB 2 contains excess authority of \$250,000.

DP 6010 - 2007 Biennium Pay Plan - HB 447 - The legislature passed a pay plan in HB 447 that provides an additional 3.5 percent (or \$1,005, whichever is greater) in FY 2006 and an additional 4.0 percent (or \$1,188, whichever is greater) in FY 2007, as well as \$46 per month in insurance contributions in calendar 2006 and an additional \$51 per month in calendar 2007. These amounts represent the program's allocation of costs to fund this pay plan.

Program Legislative Budget

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding. Also included in the table is House Bill 447 pay plan allocation.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	175.70	5.75	0.00	181.45	5.75	0.00	181.45	181.45
Personal Services	8,095,403	792,921	346,436	9,234,760	787,421	761,535	9,644,359	18,879,119
Operating Expenses	12,236,964	6,277,067	92,287	18,606,318	(5,733,404)	80,289	6,583,849	25,190,167
Equipment	12,621	0	0	12,621	0	0	12,621	25,242
Grants	1,457,581	316,599	0	1,774,180	431,998	0	1,889,579	3,663,759
Transfers	0	0	0	0	0	0	0	0
Total Costs	\$21,802,569	\$7,386,587	\$438,723	\$29,627,879	(\$4,513,985)	\$841,824	\$18,130,408	\$47,758,287
General Fund	814,615	9,888	150,616	975,119	15,586	162,255	992,456	1,967,575
State/Other Special	13,858,251	5,219,242	282,776	19,360,269	(2,639,076)	530,077	11,749,252	31,109,521
Federal Special	7,129,703	2,157,457	5,331	9,292,491	(1,890,495)	149,492	5,388,700	14,681,191
Total Funds	\$21,802,569	\$7,386,587	\$438,723	\$29,627,879	(\$4,513,985)	\$841,824	\$18,130,408	\$47,758,287

Program Description

The Permitting and Compliance Division administers all DEQ permitting and compliance activities based on 25 state regulatory and five related federal authorities. The division:

- 1) reviews and assesses environmental permit applications (coordinating with other state, local, and federal agencies) to determine control measures needed to ensure compliance with the law and to prevent land, water, and air conditions detrimental to public health, welfare, safety, and the environment;
- 2) prepares supporting environmental documents under the Montana Environmental Policy Act and provides training and technical assistance when needed;
- 3) inspects to determine compliance with permit conditions, laws and rules; and
- 4) provides assistance to resolve the facility's compliance issues when problems are discovered, and when necessary, recommends formal enforcement actions to the Enforcement Division.

Activities are organized into six bureaus: Air Management Bureau (air); Industrial and Energy Minerals Bureau (coal, uranium, opencut); Environmental Management Bureau (hard rock, facility siting); Public Water and Subdivision Bureau (public water supply and subdivision); Water Protection Bureau (water discharge); and Waste and Underground Tank Management Bureau (solid waste, junk vehicles, septage pumpers, hazardous waste, asbestos, underground storage tanks).

Program Highlights

Permitting and Compliance Division	
Major Program Highlights	
◆	\$21.6 million of forfeited bond funding was replaced with budget amendment authority
◆	5.75 FTE were added to deal with work load issues
◆	Increased authority was provided to support increased grants to counties from junk vehicle fees

Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as adopted by the legislature.

		Program Funding Table Permitting & Compliance					
Program Funding		Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01000	Total General Fund	\$ 814,615	3.7%	\$ 975,119	3.3%	\$ 992,456	5.5%
	01100 General Fund	814,615	3.7%	975,119	3.3%	992,456	5.5%
02000	Total State Special Funds	13,858,251	63.6%	19,360,269	65.3%	11,749,252	64.8%
	02054 Ust-Installer Lic & Permit Acc	77,615	0.4%	79,802	0.3%	82,482	0.5%
	02065 Washington Gulch Bond Forfeit	534	0.0%	-	-	-	-
	02070 Hazardous Waste-Cercla	512,821	2.4%	621,481	2.1%	638,743	3.5%
	02075 Ust Leak Prevention Program	302,457	1.4%	285,978	1.0%	299,443	1.7%
	02096 Reclamation - Bond Forfeitures	76,872	0.4%	500,000	1.7%	-	-
	02130 Zort/Land Exploration Bond For	60,909	0.3%	142,000	0.5%	-	-
	02138 Zort/Land Open Cut Bond Forfei	255,618	1.2%	-	-	-	-
	02157 Solid Waste Management Fee	523,131	2.4%	591,520	2.0%	608,673	3.4%
	02201 Air Quality-Operating Fees	2,252,524	10.3%	2,522,869	8.5%	2,604,505	14.4%
	02202 Asbestos Control	144,705	0.7%	168,143	0.6%	168,810	0.9%
	02204 Public Drinking Water	684,121	3.1%	744,355	2.5%	747,363	4.1%
	02223 Wastewater Srf Special Admin	-	-	2,576	0.0%	6,703	0.0%
	02278 Mpdcs Permit Program	822,130	3.8%	1,396,756	4.7%	1,446,459	8.0%
	02418 Subdivision Plat Review	950,471	4.4%	1,169,326	3.9%	1,192,814	6.6%
	02420 Bd Of Cert For W&Ww Op	74,129	0.3%	112,628	0.4%	115,724	0.6%
	02421 Hazardous Waste Fees	5,212	0.0%	55,227	0.2%	55,227	0.3%
	02428 Major Facility Siting	14,957	0.1%	300,000	1.0%	-	-
	02438 Pegasus - Beal Mountain	147,849	0.7%	-	-	-	-
	02458 Reclamation & Development	1,414,378	6.5%	1,675,749	5.7%	1,664,329	9.2%
	02521 Pegasus Bankruptcy/Operations	765,965	3.5%	1,500,000	5.1%	-	-
	02845 Junk Vehicle Disposal	1,574,877	7.2%	1,961,450	6.6%	2,086,591	11.5%
	02945 Zortman Reclamation - Comp Bid	4	0.0%	-	-	-	-
	02946 Landusky Reclamation-Comp Bid	2,667,014	12.2%	-	-	-	-
	02952 Zortman Recl-Last (1,500,000)	388,640	1.8%	-	-	-	-
	02953 Landusky Recl-Last (1,500,000)	113,205	0.5%	-	-	-	-
	02954 Septage Fees	26,409	0.1%	30,409	0.1%	31,386	0.2%
	02960 Glacier General Insurance Co	1,704	0.0%	-	-	-	-
	02988 Hard Rock Mining Reclamation	-	-	5,500,000	18.6%	-	-
03000	Total Federal Special Funds	7,129,703	32.7%	9,292,491	31.4%	5,388,700	29.7%
	03040 Operator Training Reimbursemnt	151,098	0.7%	537,986	1.8%	554,906	3.1%
	03067 Dsl Federal Reclamation Grant	984,246	4.5%	1,055,350	3.6%	1,096,084	6.0%
	03071 Us Forest Service Agreement	4,370	0.0%	-	-	-	-
	03262 Epa Ppg	-	-	2,785,010	9.4%	2,803,413	15.5%
	03326 Blm For Zortman & Landusky	2,076,613	9.5%	4,000,000	13.5%	-	-
	03433 Epa Perf Partnership Fy04-05	2,855,491	13.1%	-	-	-	-
	03436 Nps 04 Staffing & Support	88,652	0.4%	98,081	0.3%	101,959	0.6%
	03438 Brownsfield State Response	-	-	87,500	0.3%	87,500	0.5%
	03440 Dw Srf 03	-	-	642,280	2.2%	656,573	3.6%
	03442 Dw Srf 03	123,071	0.6%	-	-	-	-
	03672 Forest Service - Beal Mtn	513,733	2.4%	-	-	-	-
	03687 Drinking Water Srf Ffy02	181,673	0.8%	-	-	-	-
	03798 Homeland Water System Security	137,343	0.6%	86,284	0.3%	88,265	0.5%
	03973 Epa Zortman/Landusky Eis	13,413	0.1%	-	-	-	-
Grand Total		<u>\$ 21,802,569</u>	<u>100.0%</u>	<u>\$ 29,627,879</u>	<u>100.0%</u>	<u>\$ 18,130,408</u>	<u>100.0%</u>

The division is funded with general fund and a variety of state and federal special revenue sources. The general fund provides four percent of the total funding and supports operating expenses.

State special revenues consists of forfeited hard rock reclamation bonds, proceeds from reclamation bonds, and fees collected for various activities, such as air permits, junk vehicle fines, and subdivision reviews. The division also receives Resource Indemnity Trust (RIT) interest via the reclamation and development account.

Federal special revenue sources include the Environmental Protection Agency, the Bureau of Land Management, and the Department of State Lands.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				889,552					887,311
Vacancy Savings				(359,405)					(359,304)
Inflation/Deflation				(26,861)					(26,308)
Fixed Costs				101,880					105,386
Total Statewide Present Law Adjustments				\$605,166					\$607,085
DP 5001 - Air Operating Adjustment									
0.00	1,803	78,413	9,914	90,130	0.00	1,935	84,188	10,645	96,768
DP 5002 - Industrial & Energy Minerals Bur. Operating Adj									
0.00	0	86,274	24,859	111,133	0.00	3,316	39,706	30,166	73,188
DP 5003 - Environmental Mgmt Bureau Admin Operating Adjust									
0.00	17,080	34,678	0	51,758	0.00	18,143	36,837	0	54,980
DP 5004 - Hard Rock and MFSA Projects Operating Adjustments									
0.00	0	3,448,688	1,391,871	4,840,559	0.00	0	(4,493,312)	(2,608,129)	(7,101,441)
DP 5005 - Public Water & Subdivisions Operations Adjustment									
0.00	0	76,325	458,086	534,411	0.00	0	75,176	473,273	548,449
DP 5006 - Water Protection Bureau Operating Adjustment									
0.00	2,210	34,430	22,397	59,037	0.00	2,395	37,544	23,569	63,508
DP 5007 - PCD Administration Operating Adjustment									
0.00	0	5,000	0	5,000	0.00	0	5,000	0	5,000
DP 5008 - Waste & Underground Tank Mngmt Operating Adj									
0.00	1,069	179,762	650	181,481	0.00	1,407	184,306	2,632	188,345
DP 5010 - Water Protection Bureau Wastewater Permitting									
3.00	0	220,124	0	220,124	3.00	0	205,978	0	205,978
DP 5013 - Air Quality Research Technical Study-OTO									
0.00	0	0	50,000	50,000	0.00	0	0	0	0
DP 5015 - Public Water Supply & Subdivision FTE									
2.75	0	81,807	59,450	141,257	2.75	0	72,685	59,450	132,135
DP 5016 - Increase Grants to Counties									
0.00	0	316,599	0	316,599	0.00	0	431,998	0	431,998
DP 5018 - Permitting & Compliance Division - Vehicles									
0.00	0	4,932	0	4,932	0.00	0	5,022	0	5,022
DP 5024 - PCD Data Management OTO									
0.00	0	75,000	0	75,000	0.00	0	75,000	0	75,000
DP 5025 - Subdivision Training & Review OTO									
0.00	0	100,000	0	100,000	0.00	0	100,000	0	100,000
Total Other Present Law Adjustments									
5.75	\$22,162	\$4,742,032	\$2,017,227	\$6,781,421	5.75	\$27,196	(\$3,139,872)	(\$2,008,394)	(\$5,121,070)
Grand Total All Present Law Adjustments				\$7,386,587					(\$4,513,985)

DP 5001 - Air Operating Adjustment - The legislature approved an operating adjustment to correct for an incorrect position classification, and to account for agency indirect charges resulting from increased staffing.

DP 5002 - Industrial & Energy Minerals Bur. Operating Adj - The legislature approved operating adjustments for contracted services to support personal desktop GIS projects, increased indirect charges due to increased staffing, overtime, rent increases in non-state owned buildings, and operating expenses including travel, field supplies, and computers.

DP 5003 - Environmental Mgmt Bureau Admin Operating Adjust - The legislature approved operating adjustments to pay for increased costs for assistance on environmental assessment contracts, lab analysis, printing, and supplies, as well as to restore travel and indirect assessments due to vacancies during the base year. This adjustment includes authority for the Major Facility Siting Act (MFSA) program to support work by the department on projects no longer covered by fees but still required by law.

DP 5004 - Hard Rock and MFSA Projects Operating Adjustments - The legislature approved \$11.4 million for projects administered by the hard rock and Major Facility Siting Act (MFSA) programs. Projects include contracted reclamation of MFSA review activities and mine sites.

DP 5005 - Public Water & Subdivisions Operations Adjustment - The legislature approved operational cost adjustments in the Public Water and Subdivision Bureau. The adjustment included anticipated overtime, contract services, employee travel, non-employee travel, rent in non-state owned buildings, training, and increased indirect costs. The adjustment is the result of vacancies and conversion of operator certification testing and study materials to nationally accepted standards.

DP 5006 - Water Protection Bureau Operating Adjustment - The legislature approved a base adjustment to restore analytical costs, and travel, and to increase indirect costs due to vacancies in the base year.

DP 5007 - PCD Administration Operating Adjustment - The legislature approved an operating adjustment of contracted services to assist with personnel issues and increased travel. This would be funded with state special revenue from the reclamation and development fund.

DP 5008 - Waste & Underground Tank Mngmt Operating Adj - The legislature approved an operating adjustment in the solid waste, asbestos, and junk vehicle programs.

DP 5010 - Water Protection Bureau Wastewater Permitting - The legislature approved the addition of 3.00 FTE to increase the efficiency in the permitting processing. This request adds fees from pollutant discharge elimination permits to fund FTE to eliminate work backlogs and address anticipated increases in the permitting program due to coal bed methane development. The 3.00 FTE would include one engineer, one water quality specialist data expert, and one administrative support position.

DP 5013 - Air Quality Research Technical Study-OTO - The legislature approved a one-time-only restricted appropriation in FY 2006 to conduct emission sampling and analysis to establish unique PM-2.5 emission "fingerprints" for PM-2.5 sources in the Libby area. PM-2.5 is a fine particulate standard adopted several years ago by the EPA.

DP 5015 - Public Water Supply & Subdivision FTE - The legislature approved 2.75 FTE to meet mandated water system plan review processing time frames, and provide for plan review engineers to complete pre-application meetings with water system design consultants, owners, and operators.

DP 5016 - Increase Grants to Counties - The legislature approved funding to increase grant authority to counties for the subdivision and junk vehicle programs.

DP 5018 - Permitting & Compliance Division - Vehicles - The legislature approved \$4,932 in FY 2006 and \$5,022 in FY 2007 of state special revenue for one leased vehicle from the state Motor Pool.

DP 5024 - PCD Data Management OTO - The legislature approved a one-time-only, restricted, biennial, appropriation to continue data development projects currently in place, and for maintenance of data management systems already in place. Projects being developed are for air, hard rock, and opencut programs.

DP 5025 - Subdivision Training & Review OTO - The legislature approved a \$200,000 restricted, one-time only, biennial appropriation that would provide training to realtors, developers, consultants, engineers, and county officials on the procedures of subdivision design and review under the requirements of the Sanitation in Subdivisions Act. The adjustments will also allow for contracting with an outside entity to assist in subdivision plan reviews to deal with fluctuating workload.

New Proposals

New Proposals										
Program	FTE	-----Fiscal 2006-----				-----Fiscal 2007-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5020 - Hazardous Waste - Brownsfield Biennial Authority										
50	0.00	0	0	87,500	87,500	0.00	0	0	87,500	87,500
DP 5026 - RHODIA Settlement										
50	0.00	0	85,610	(172,300)	(86,690)	0.00	0	85,611	(172,300)	(86,689)
DP 5027 - Termination Pay										
50	0.00	4,171	11,002	0	15,173	0.00	0	0	0	0
DP 5050 - Indoor Cleanup Standards for Methamphetamine Labs										
50	0.00	131,397	0	0	131,397	0.00	123,762	0	0	123,762
DP 5065 - CAFO Inventory (Restricted/Biennial/OTO)										
50	0.00	0	25,000	0	25,000	0.00	0	25,000	0	25,000
DP 6010 - 2007 Biennium Pay Plan - HB 447										
50	0.00	15,048	161,164	90,131	266,343	0.00	38,493	419,466	234,292	692,251
Total	0.00	\$150,616	\$282,776	\$5,331	\$438,723	0.00	\$162,255	\$530,077	\$149,492	\$841,824

DP 5020 - Hazardous Waste - Brownsfield Biennial Authority - The legislature approved a biennial appropriation of federal Brownsfield funding to continue contracted technical assistance for the review of contaminated sites redevelopment proposals. The purpose of the federal grant is to encourage the reuse and redevelopment of contaminated properties as commercial or industrial sites.

DP 5026 - RHODIA Settlement - The legislature approved a reduction in the base budget to be replaced with non-appropriated private funds received from the RHODIA Inc. criminal settlement. The court awarded the department \$1.8 million in restitution for violations of the state's hazardous waste permitting requirements. The court directed the money be used in implementing the state's hazardous waste program.

DP 5027 - Termination Pay - The legislature approved a one-time-only appropriation to cover the retirement payout of a long-term employee.

DP 5050 - Indoor Cleanup Standards for Methamphetamine Labs - The legislature approved general fund for 1.50 FTE and operations to support the development of cleanup standards for indoor methamphetamine labs.

DP 5065 - CAFO Inventory (Restricted/Biennial/OTO) - The legislature approved state special revenue to complete an inventory of the types, and number of active operations that fall under current CAFO regulations.

DP 6010 - 2007 Biennium Pay Plan - HB 447 - The legislature passed a pay plan in HB 447 that provides an additional 3.5 percent (or \$1,005, whichever is greater) in FY 2006 and an additional 4.0 percent (or \$1,188, whichever is greater) in FY 2007, as well as \$46 per month in insurance contributions in calendar 2006 and an additional \$51 per month in calendar 2007. These amounts represent the program's allocation of costs to fund this pay plan.

Program Legislative Budget

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding. Also included in the table is HB 447 pay plan allocation.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	6.00	0.00	0.00	6.00	0.00	0.00	6.00	6.00
Personal Services	191,869	76,369	8,300	276,538	75,693	21,616	289,178	565,716
Operating Expenses	243,292	82,268	0	325,560	82,405	0	325,697	651,257
Total Costs	\$435,161	\$158,637	\$8,300	\$602,098	\$158,098	\$21,616	\$614,875	\$1,216,973
State/Other Special	435,161	158,637	8,300	602,098	158,098	21,616	614,875	1,216,973
Total Funds	\$435,161	\$158,637	\$8,300	\$602,098	\$158,098	\$21,616	\$614,875	\$1,216,973

Program Description

The Petroleum Tank Release Compensation Board is attached to the department for administrative purposes. The purpose of the board is to administer the petroleum tank release cleanup fund. This includes reimbursement to petroleum storage tank owners and operators for corrective action costs, and compensation paid to third parties for bodily injury and property damage resulting from a release of petroleum from a petroleum storage tank. The board has a staff of 6.00 FTE.

Program Highlights

Petroleum Tank Release Compensation Board Major Program Highlights	
♦	The legislature approved an increase in state special revenue for legal services and fees
♦	Language was approved to provide the department with authority to pay a third party to collect from insurance companies

Funding

The board is funded solely through a portion of the \$0.0075 fee on gasoline, diesel, heating oil, and aviation fuel distributed in Montana.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2006-----						-----Fiscal 2007-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					87,546					86,841
Vacancy Savings					(11,177)					(11,148)
Inflation/Deflation					(74)					(73)
Fixed Costs					12,342					12,478
Total Statewide Present Law Adjustments					\$88,637					\$88,098
DP 9001 - Petro Board Operating Adjustment										
	0.00	0	70,000	0	70,000	0.00	0	70,000	0	70,000
Total Other Present Law Adjustments	0.00	\$0	\$70,000	\$0	\$70,000	0.00	\$0	\$70,000	\$0	\$70,000
Grand Total All Present Law Adjustments					\$158,637					\$158,098

DP 9001 - Petro Board Operating Adjustment - The legislature approved a base adjustment of state special revenue each year of the 2007 biennium for increased legal activity associated with claim subrogation.

New Proposals

New Proposals										
-----Fiscal 2006-----						-----Fiscal 2007-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6010 - 2007 Biennium Pay Plan - HB 447										
90	0.00	0	8,300	0	8,300	0.00	0	21,616	0	21,616
Total	0.00	\$0	\$8,300	\$0	\$8,300	0.00	\$0	\$21,616	\$0	\$21,616

DP 6010 - 2007 Biennium Pay Plan - HB 447 - The legislature passed a pay plan in HB 447 that provides an additional 3.5 percent (or \$1,005, whichever is greater) in FY 2006 and an additional 4.0 percent (or \$1,188, whichever is greater) in FY 2007, as well as \$46 per month in insurance contributions in calendar 2006 and an additional \$51 per month in calendar 2007. These amounts represent the program's allocation of costs to fund this pay plan.

Language

The legislature approved the following language for inclusion in HB2:

"The department is authorized to expend up to 25% of subrogated petroleum tank release compensation funds to pay contract expenses associated with release subrogation activities. Expenditure of these funds is limited to the fee collected."